

WHYY, Inc.

Financial Statements and Supplementary Information

Years Ended June 30, 2024 and 2023

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



WHYY, Inc.

Financial Statements
Years Ended June 30, 2024 and 2023

WHYY, Inc.

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Independent Auditor's Report

The Board of Directors
WHYY, Inc.
Philadelphia, Pennsylvania

Opinion

We have audited the financial statements of WHYY, Inc., which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of WHYY, Inc. as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of WHYY, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about WHYY Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WHY Y Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about WHY Y Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 29 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

BDO USA, P.C.

December 16, 2024

Financial Statements

WHYY, Inc.

Statements of Financial Position

<i>June 30,</i>	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	\$ 4,328,142	\$ 3,658,936
Contributions receivable, net	1,072,805	884,095
Accounts receivable, net of allowance for expected credit losses of \$38,957 and \$60,458 in 2024 and 2023, respectively	684,850	647,231
Grant receivable, Commonwealth of Pennsylvania	-	17,550
Unbilled program and project revenue	2,475,070	2,094,923
Deferred project costs	167,339	116,622
Prepaid expenses and other current assets	485,254	657,337
Inventory	35,568	33,654
Total Current Assets	9,249,028	8,110,348
Property and Equipment, Net	13,505,488	14,131,713
Other Assets		
Investments	67,175,073	57,274,948
Operating lease right-of-use assets, net	3,902,041	4,418,506
Contributions receivable, net	124,646	149,646
Unbilled program and project revenue	358,000	356,270
Beneficial interest in perpetual trusts	619,613	590,662
Broadcast licenses	469,976	474,976
Total Other Assets	72,649,349	63,265,008
Total Assets	\$ 95,403,865	\$ 85,507,069
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 257,006	\$ 499,656
Accrued expenses and other current liabilities	3,174,218	2,675,292
Deferred revenue	391,152	897,787
Current portion of operating lease liabilities	510,441	465,198
Current portion of long-term debt	189,106	181,447
Total Current Liabilities	4,521,923	4,719,380
Long-Term Liabilities		
Operating lease liabilities, net	3,561,627	4,049,105
Long-term debt, net	1,336,355	1,520,642
Other liabilities	728,704	707,915
Total Long-Term Liabilities	5,626,686	6,277,662
Total Liabilities	10,148,609	10,997,042
Net Assets		
Without donor restrictions	70,499,689	61,661,977
With donor restrictions	14,755,567	12,848,050
Total Net Assets	85,255,256	74,510,027
Total Liabilities and Net Assets	\$ 95,403,865	\$ 85,507,069

See accompanying notes to financial statements

WHYY, Inc.

Statement of Activities and Changes in Net Assets

<i>Year ended June 30, 2024</i>	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support			
Support:			
State of Delaware	\$ 200,000	\$ -	\$ 200,000
Corporation for Public Broadcasting	2,667,261	889,087	3,556,348
Total Support	2,867,261	889,087	3,756,348
Contributions and revenue:			
Memberships and other contributions	23,685,122	-	23,685,122
Program contracts and grants	9,968,862	5,231,329	15,200,191
Program underwriting	3,348,282	-	3,348,282
In-kind income	147,489	-	147,489
Realized and unrealized gains from investments	4,974,924	580,614	5,555,538
Interest and dividends	1,647,083	143,101	1,790,184
Change in value of beneficial interest in perpetual trusts	-	28,951	28,951
Other	564,133	-	564,133
Net assets released from restrictions	4,965,565	(4,965,565)	-
Total Contributions and Revenue	49,301,460	1,018,430	50,319,890
Total Support, Contributions and Revenue	52,168,721	1,907,517	54,076,238
Expenses			
Program services:			
Production and broadcasting	32,247,358	-	32,247,358
Supporting services:			
General and administrative	1,702,714	-	1,702,714
Fundraising	9,380,937	-	9,380,937
Total Supporting Services	11,083,651	-	11,083,651
Total Expenses	43,331,009	-	43,331,009
Change in Net Assets	8,837,712	1,907,517	10,745,229
Net Assets, beginning of year	61,661,977	12,848,050	74,510,027
Net Assets, end of year	\$ 70,499,689	\$ 14,755,567	\$ 85,255,256

See accompanying notes to financial statements

WHYY, Inc.

Statement of Activities and Changes in Net Assets

<i>Year ended June 30, 2023</i>	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support			
Support:			
State of Delaware	\$ 180,000	\$ -	\$ 180,000
Corporation for Public Broadcasting	2,663,391	887,783	3,551,174
Total Support	2,843,391	887,783	3,731,174
Contributions and revenue:			
Memberships and other contributions	22,543,919	1,000,000	23,543,919
Program contracts and grants	11,398,535	3,836,582	15,235,117
Program underwriting	3,928,164	-	3,928,164
In-kind income	122,199	-	122,199
Realized and unrealized gains from investments	2,341,569	365,291	2,706,860
Interest and dividends	1,084,113	103,219	1,187,332
Change in value of beneficial interest in perpetual trusts	-	16,727	16,727
Other	568,201	-	568,201
Net assets released from restrictions	6,300,272	(6,300,272)	-
Total Contributions and Revenue	48,286,972	(978,453)	47,308,519
Total Support, Contributions and Revenue	51,130,363	(90,670)	51,039,693
Expenses			
Program services:			
Production and broadcasting	31,595,964	-	31,595,964
Supporting services:			
General and administrative	1,718,274	-	1,718,274
Fundraising	9,233,405	-	9,233,405
Total Supporting Services	10,951,679	-	10,951,679
Total Expenses	42,547,643	-	42,547,643
Change in Net Assets	8,582,720	(90,670)	8,492,050
Net Assets, beginning of year	53,079,257	12,938,720	66,017,977
Net Assets, end of year	\$ 61,661,977	\$ 12,848,050	\$ 74,510,027

See accompanying notes to financial statements

WHYY, Inc.

Statements of Cash Flows

<i>Years ended June 30,</i>	2024	2023
Cash Flows from Operating Activities		
Change in net assets	\$ 10,745,229	\$ 8,492,050
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	1,073,148	1,296,643
Loss on impairment in value of broadcasting licenses	5,000	40,000
Loss on sale of broadcasting licenses	-	261,883
Amortization of deferred financing costs	4,818	4,818
Realized and unrealized gains from investments	(5,555,538)	(2,706,860)
Change in fair value of beneficial interest in perpetual trusts	(28,951)	(16,727)
(Recovery of) provision for uncollectible contributions	(3,622)	300,367
Credit loss (recovery) expense	(21,501)	16,832
Non-cash operating lease costs	675,973	667,063
Changes in:		
Contributions receivable	(160,088)	(66,051)
Accounts receivable	(16,118)	221,881
Grant receivable, Commonwealth of Pennsylvania	17,550	684,450
Unbilled program and project revenue	(381,877)	1,004,150
Deferred project costs	(50,717)	339,471
Prepaid expenses and other current assets	172,083	(444,454)
Inventory	(1,914)	3,202
Accounts payable	(242,650)	243,459
Accrued expenses and other current liabilities	498,926	479,832
Other liabilities	20,789	76,253
Deferred revenue	(506,635)	95,666
Operating lease liabilities	(601,743)	(571,266)
Net cash provided by operating activities	5,642,162	10,422,662
Cash Flows from Investing Activities		
Purchases of investments	(11,416,121)	(38,182,535)
Sales of investments	7,071,534	27,286,154
Proceeds from sale of broadcasting licenses	-	235,000
Purchases of property and equipment	(446,923)	(494,072)
Net cash utilized by investing activities	(4,791,510)	(11,155,453)
Cash Flows from Financing Activities		
Repayments of long-term debt	(181,446)	(174,439)
Net cash utilized by financing activities	(181,446)	(174,439)
Net Increase (Decrease) in Cash and Cash Equivalents	669,206	(907,230)
Cash and cash equivalents, beginning of year	3,658,936	4,566,166
Cash and cash equivalents, end of year	\$ 4,328,142	\$ 3,658,936
Supplemental Disclosure of Cash Flow Information		
Interest paid	\$ 67,327	\$ 74,335

See accompanying notes to financial statements

WHYY, Inc.

Statement of Functional Expenses

<i>Year ended June 30, 2024</i>	Program Services	Supporting Services			Total Expenses
	Production and Broadcasting	General and Administrative	Fundraising	Total Supporting Services	
Salaries and related expenses	\$ 18,513,285	\$ 1,261,335	\$ 4,602,365	\$ 5,863,700	\$ 24,376,985
Consulting and professional fees	359,425	84,469	240,388	324,857	684,282
Building maintenance and operations	664,633	39,096	78,192	117,288	781,921
Direct marketing expenses	-	-	1,382,551	1,382,551	1,382,551
In-kind	-	-	147,489	147,489	147,489
Insurance	176,744	84,314	37,313	121,627	298,371
Interest and bank fees	56,715	74,370	504,881	579,251	635,966
Legal fees	346,289	5,858	-	5,858	352,147
Membership and development expenses	-	-	1,365,871	1,365,871	1,365,871
Operating lease costs	675,974	-	-	-	675,974
Office expenses and services	248,172	44,883	55,608	100,491	348,663
Other administrative costs	173,991	32,286	82,495	114,781	288,772
Postage and delivery	3,287	451	411,856	412,307	415,594
Production and acquisition costs	7,418,879	-	42,947	42,947	7,461,826
Public relations and promotion	1,108,192	20,856	185,053	205,909	1,314,101
Telecommunications and technology expenses	867,609	41,746	163,037	204,783	1,072,392
Transmitter and studio maintenance, supplies, power and rent	420,067	-	-	-	420,067
Travel and business expenses	140,948	13,050	80,891	93,941	234,889
Total Expenses Before Depreciation	31,174,210	1,702,714	9,380,937	11,083,651	42,257,861
Depreciation Expense	1,073,148	-	-	-	1,073,148
Total Expenses	\$ 32,247,358	\$ 1,702,714	\$ 9,380,937	\$ 11,083,651	\$ 43,331,009

See accompanying notes to financial statements

WHYY, Inc.

Statement of Functional Expenses

<i>Year ended June 30, 2023</i>	Program Services	Supporting Services			Total Expenses
	Production and Broadcasting	General and Administrative	Fundraising	Total Supporting Services	
Salaries and related expenses	\$ 17,454,375	\$ 1,316,707	\$ 4,486,356	\$ 5,803,063	\$ 23,257,438
Consulting and professional fees	163,406	46,228	200,152	246,380	409,786
Building maintenance and operations	594,393	34,964	69,928	104,892	699,285
Direct marketing expenses	-	-	1,517,900	1,517,900	1,517,900
In-kind	-	-	122,198	122,198	122,198
Insurance	152,820	72,901	32,262	105,163	257,983
Interest and bank fees	62,692	47,891	495,710	543,601	606,293
Legal fees	81,774	14,347	-	14,347	96,121
Membership and development expenses	-	-	1,409,730	1,409,730	1,409,730
Operating lease costs	667,063	-	-	-	667,063
Office expenses and services	358,792	58,011	59,318	117,329	476,121
Other administrative costs	542,409	43,464	81,432	124,896	667,305
Postage and delivery	2,972	569	388,019	388,588	391,560
Production and acquisition costs	7,780,918	-	-	-	7,780,918
Public relations and promotion	1,121,337	33,398	128,038	161,436	1,282,773
Telecommunications and technology expenses	751,051	34,788	199,207	233,995	985,046
Transmitter and studio maintenance, supplies, power and rent	432,322	-	-	-	432,322
Travel and business expenses	132,997	15,006	43,155	58,161	191,158
Total Expenses Before Depreciation	30,299,321	1,718,274	9,233,405	10,951,679	41,251,000
Depreciation Expense	1,296,643	-	-	-	1,296,643
Total Expenses	\$ 31,595,964	\$ 1,718,274	\$ 9,233,405	\$ 10,951,679	\$ 42,547,643

See accompanying notes to financial statements

WHYY, Inc.

Notes to Financial Statements June 30, 2024 and 2023

1. Business

WHYY, Inc. (WHYY) is a not-for-profit public broadcasting corporation incorporated in Pennsylvania. WHYY operates WHYY-TV/Channel 12 and WDPB-TV/Channel 64, both licensed in Delaware; WNJM (89.9), WNJN (89.7) and WNJZ (90.3), licensed in New Jersey; WHYY-FM (90.9), licensed in Philadelphia; and Internet web site at whyy.org.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements are prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Net Assets

The financial statements report revenue, expenses, gains, and losses in one of two classes of net assets - net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are not subject to donor-imposed restrictions or the donor-imposed restrictions have expired.

Donor restricted revenue and net assets may contain donor-imposed restrictions on the use of those assets that either expire with the passage of time or can be otherwise met by WHYY pursuant to the stipulation.

Net assets with donor restrictions may also include donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by WHYY. Investment income and investment gains earned on such net assets are recorded as net assets with donor restrictions until they are transferred to net assets without donor restrictions for use in operations, except for perpetual trusts, as noted below. Investment losses on the investments of a donor restricted endowment fund reduce net assets with donor restrictions to the extent available.

Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period the contribution or promise is received by WHYY. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

WHYY, Inc.

Notes to Financial Statements June 30, 2024 and 2023

Contributions received with donor stipulations that limit the use of the donated assets are reported as donor restricted support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. If a portion of the restriction is fulfilled in the same year in which the contribution is received, that portion of the contribution is reported as without donor restrictions.

Contributions restricted for the acquisition of property and equipment, which are included in donor restricted revenue, are reclassified to net assets without donor restrictions when the related assets are acquired.

Legacy Gifts

In January 2024, WHYY launched a campaign commemorating its seventieth anniversary. The campaign seeks contributions to support the future of WHYY operations in the form of legacy gifts which include various forms of donations that individuals arrange to be given as part of their estate plans. Gifts associated with this campaign are generally in the form of revocable bequest pledges. These pledges totaled \$3,230,000 from thirty-five donors as of June 30, 2024. Bequest revenue will be recognized upon the final settlement of each respective estate. As of the statement of financial position date, the recognition criteria for these bequests have not been fully met. Accordingly, these bequests have not been recognized as income or assets in the financial statements. WHYY will continue to monitor the status of these bequests and will recognize them in the financial statements once the recognition criteria are satisfied.

Contributions and Accounts Receivable

Contributions and accounts receivable are presented net of the related allowance for expected credit losses. WHYY provides an allowance for expected credit losses based on management's estimate of amounts that will ultimately become uncollectible. WHYY's policy is to write-off contributions and accounts receivable balances based on historical loss experience, current conditions and economic forecasts.

Deferred Project Costs

Deferred project costs represent costs incurred on productions not yet aired and acquisition fees for which the related programming access period has not yet expired.

Inventory

Inventory is stated at the lower of cost or market on a first in, first out basis.

Property and Equipment

Purchased assets are recorded at cost, and contributed assets are recorded at fair market value on the date of contribution. Depreciation on purchased assets is calculated using the straight-line method over the estimated useful lives of assets, as follows: buildings and improvements: 5 to 39 years; and transmitting, broadcasting and other equipment: 3 to 20 years.

WHYY, Inc.

Notes to Financial Statements June 30, 2024 and 2023

Deferred Financing Costs

Deferred financing costs incurred in obtaining debt are amortized to interest expense using the straight-line method, which is not materially different from the effective interest method, over the term of the related debt. Deferred financing costs are included as a reduction of the reportable long-term debt balance on the statements of financial position. Amortization of deferred financing costs was \$4,818 for each of the years ended June 30, 2024 and 2023.

Investments (see Note 5)

Investments in marketable securities are recorded at fair value. Donated securities are recorded as contributions at the fair value at time of donation.

WHYY has a long-standing investment policy for all endowment fund investments to produce a predictable stream of funding to programs/operations while seeking to maintain the purchasing power of the assets. Under this policy, as approved by the Board of Directors, the assets are invested in a manner that is intended to produce returns that exceed the annual spending rate, while assuming a moderate level of investment risk. Actual returns may vary from the intended results. To satisfy its long-term rate of return objectives, WHYY relies on a total return strategy in which investment returns are achieved through both capital appreciation and investment income. WHYY targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

Investment Cash / Statement of Cash Flows

WHYY may have cash temporarily held in an investment account as of the date of the financial statements. Such cash is intended for investment purposes and is not considered cash for purposes of the statement of cash flows.

Beneficial Interest in Perpetual Trusts

Under the terms of perpetual trusts held by third parties, WHYY is the beneficiary of income earned by those trust assets for perpetuity. When notified of a trust's existence WHYY will record a donor restricted contribution and an asset equal to the lesser of WHYY's applicable percentage of the fair value of the trust's assets or present value of estimated distribution cash flows. The investment policy of the perpetual trust is determined and administered by third-party trustees. WHYY recorded an increase in fair value of its share of the assets held in perpetuity of \$28,951 and \$16,727 for the years ended June 30, 2024 and 2023, respectively.

Changes in the fair value of trust assets are recognized as changes in net assets with donor restrictions in the period the change occurs. Income is designated for programming and recorded as income without donor restrictions in the period received from the Trustee.

Broadcast Licenses

Identifiable intangible assets with indefinite lives consist of certain FCC licenses acquired for five New Jersey Public FM radio stations. WHYY sold two of these licenses during 2023. The remaining intangible assets are not amortized but instead are subject to annual impairment tests. Under existing market trading conditions, the fair market value of certain broadcast licenses have been impaired by \$5,000 and \$40,000 for the years ended June 30, 2024 and 2023, respectively.

WHYY, Inc.

Notes to Financial Statements June 30, 2024 and 2023

In-Kind Support and Expenses

The statements of activities reflect donated materials, facilities, and contributed services as support and expenses. The computation of the value of the donated materials and facilities is based on estimated fair value. Contributed services are valued using industry guidelines, and services rendered by corporations are valued by those organizations.

Revenue Recognition

WHYY follows Accounting Standards Codification (“ASC”) Topic 606, *Revenue from Contracts with Customers*, and all the related amendments (the “revenue standard”). This guidance requires the use of a five-step model to achieve the core underlying principle that an entity should recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. These steps include (1) identifying the contract with the customer, (2) identifying the performance obligations, (3) determining the transaction price, (4) allocating the transaction price to the performance obligations, and (5) recognizing revenue as the entity satisfies the performance obligation(s).

Revenue from contracts with customers mainly consists of program underwriting and tactical contractual arrangements with select partners. Revenue from program underwriting was \$3,348,282 and \$3,928,164 for the years ended June 30, 2024 and 2023, respectively. Revenue recognized from other contractual arrangements was \$10,514,343 and \$11,936,905 for the years ended June 30, 2024 and 2023, respectively, and are included as a component of both program contracts and grants and other in the statements of activities and changes in net assets. The following provides additional detail on WHYY’s revenue recognition policies:

Program Underwriting

Revenue from underwriting includes amounts received in exchange for recognition within WHYY’s on-air or digital programming. WHYY recognizes underwriting revenue at the time the spots are aired or included in online programming.

Multimedia Distribution

WHYY provides programming and media content to a not-for-profit media organization for distribution over various media outlets. Under the terms of the agreement, WHYY receives a portion of the revenue earned by the customer that is attributable to the content distributed and recognizes such revenue at the point in time in which its portion of the revenue has been reported by the customer. The revenue recognized by WHYY for its fiscal year is reported by the customer prior to issuance of its annual financial statements.

Channel Sharing Arrangement

WHYY has an agreement with an unrelated party which expires in February 2028, to share 30% of the capacity of the station’s channel. The agreement provides for two additional terms of five years each provided there is no notice of termination as defined in the agreement. The channel sharing fee, which increases annually each January by a minimum of 3%, will be paid in advance on a quarterly basis. WHYY also has an agreement with the company that facilitated this transaction to pay a commission of 6% for each payment received during the term of the channel sharing agreement.

WHYY, Inc.

Notes to Financial Statements June 30, 2024 and 2023

Other Program Revenue

WHYY recognizes revenue and expenses on substantial projects as work progresses. Revenue earned but unbilled at year-end is accrued and classified as unbilled project revenue. Deferred revenue on uncompleted projects represents project billings in excess of cost for which revenue has not been earned as of the statement of financial position date.

Contract assets consist of billed and unbilled receivables. Billed receivables from contracts with customers were \$684,850 and \$647,231 at June 30, 2024 and 2023, respectively. Billed receivables are included in accounts receivable in the statements of financial position. There were no unbilled receivables from contracts with customers at June 30, 2024 and 2023. Contract liabilities consist of deferred revenue. Deferred revenue from contracts with customers was \$391,152 and \$897,787 at June 30, 2024 and 2023, respectively.

WHYY does not have significant variable consideration associated with its revenue arrangements. WHYY does not have significant financing arrangements with customers as credit terms are all less than one year and WHYY does not receive significant noncash consideration from its customers to facilitate the fulfillment of contracts.

Leases

WHYY leases office space, broadcasting tower space for the transmission of its radio and television signals, and other equipment under non-cancelable leases. WHYY has elected to follow to certain practical expedients under ASC Topic 842, *Leases*, including the short-term lease recognition exemption for all leases that qualify. Under this election, WHYY does not recognize right-of-use assets or lease liabilities for leases with a term of 12 months or less. In addition, WHYY has elected to not separate lease and non-lease components for all leases.

WHYY determines if a contract or arrangement contains a lease at inception. Leases are evaluated and classified as either an operating or finance lease. A lease is classified as a finance lease if any of the following criteria are met: (i) ownership of the underlying asset transfers to WHYY by the end of the lease term; (ii) the lease contains an option to purchase the underlying asset that WHYY is reasonably expected to exercise; (iii) the lease term is for a major part of the remaining economic life of the underlying asset; (iv) the present value of the sum of lease payments and any residual value guaranteed by WHYY equals or exceeds substantially all of the fair value of the underlying asset; or (v) the underlying asset is of a specialized nature that it is expected to have no alternative use to the lessor at the end of the lease term. A lease that does not meet any of the criteria to be classified as a finance lease is classified as an operating lease.

WHYY's operating leases are included as operating lease right-of-use assets, net, current portion of operating lease liabilities, and operating lease liabilities, net, on the accompanying statement of financial position. Operating lease right-of-use assets and operating lease liabilities are recognized based on the present value of the future lease payments over the lease term at the commencement date. In determining the present value of future payments, WHYY uses a risk-free rate corresponding to the expected lease term. Right-of-use assets also include any lease payments made and exclude any lease incentives and initial direct costs incurred. Lease terms may include options to extend or terminate the lease when it is reasonably certain that WHYY will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term, including rent abatement periods and rent holidays. WHYY does not currently have any significant finance leases.

WHYY, Inc.

Notes to Financial Statements June 30, 2024 and 2023

Certain of WHYY's leases are subject to periodic changes in an index or are subject to adjustments for which the amounts are not readily determinable at lease inception. While lease liabilities are not remeasured as a result of changes to these costs, changes are treated as variable lease payments and recognized in the period in which the obligation for those payments was incurred.

Advertising Costs

WHYY expenses advertising costs as incurred. For the years ended June 30, 2024 and 2023, such expenses were \$2,219,523 and \$2,176,144 respectively.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of WHYY have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated in the statements of functional expenses among the programs and supporting services benefited. Where an allocation occurs, management's methodology is primarily based on an estimate of personnel time spent in each of the functional categories. Facility expenses and interest and bank fees are allocated based on square footage utilized in each of the functional categories.

Accounting Pronouncements Adopted

In June 2016, the Financial Accounting Standards Board issued guidance (ASC Topic 326, *Financial Instruments - Credit Losses*) which changed how entities measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through changes in net assets. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by WHYY that are subject to the guidance were trade receivables from program underwriting. WHYY adopted the standard effective July 1, 2023 and the impact of the adoption was not considered significant to WHYY.

3. Concentrations

Cash and Cash Equivalents

WHYY maintains its cash accounts at a commercial bank. Such accounts are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). WHYY may, at times, exceed the insured limit, but has not experienced any losses in such accounts. WHYY also maintains certain money market funds that are not insured by the FDIC. WHYY believes it is not exposed to any significant credit risk on uninsured cash and cash equivalents.

WHYY, Inc.

Notes to Financial Statements June 30, 2024 and 2023

Contributions Receivable

At June 30, 2024 and 2023, WHYY had significant contributions receivable as follows:

	2024	2023
Donor A	34%	*
Donor B	17%	*
Donor C	13%	17%
Donor D	*	19%
Donor E	*	10%

*Represents contributions receivable below 10% of total contributions receivable.

4. Property and Equipment

Property and equipment consist of the following at June 30:

	2024	2023
Land	\$ 1,543,979	\$ 1,543,979
Building and improvements	21,105,792	21,018,147
Transmitting, broadcasting and other equipment	23,956,885	23,597,607
	46,606,656	46,159,733
Less accumulated depreciation	(33,101,168)	(32,028,020)
Net property and equipment	\$ 13,505,488	\$ 14,131,713

Depreciation amounted to \$1,073,148 and \$1,296,643 for the years ended June 30, 2024 and 2023, respectively.

5. Investments

The nature and fair value (see Note 6) of WHYY's investments at June 30, 2024 and 2023 are summarized as follows:

	2024	2023
Money market funds	\$ 6,764,894	\$ 6,310,504
Equities	33,992,456	24,656,962
Fixed income	26,125,738	25,735,517
Real assets	291,985	571,965
Total	\$ 67,175,073	\$ 57,274,948

WHYY's investment activity resulted in net realized and unrealized gains of \$5,555,538 and \$2,706,860 for the years ended June 30, 2024 and 2023, respectively. Interest and dividend income

WHYY, Inc.

Notes to Financial Statements June 30, 2024 and 2023

from investment activity, net of investment expenses, were \$1,790,184 and \$1,187,332 for the years ended June 30, 2024 and 2023, respectively.

WHYY invests in various investment securities which are exposed to various risks, such as interest rates, credit and market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position and statements of activities (see Note 2 - Investments).

6. Fair Value of Financial Instruments

WHYY accounts for the fair value of its financial instruments in accordance with the guidance in ASC Topic 820, *Fair Value Measurements and Disclosures* ("ASC 820"). ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

Level 1: Inputs are quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs are quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable and market-corroborated inputs which are derived principally from or corroborated by observable market data.

Level 3: Inputs are derived from valuation techniques in which one or more significant inputs or value drivers are unobservable.

WHYY uses appropriate valuation techniques based on the available inputs to measure the fair value of its investment portfolio. When available, WHYY measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are derived principally from or corroborated by observable market data by correlation or other means. The following is a description of the valuation methodologies used for investments measured at fair value as of June 30, 2024 and 2023:

Level 1 Fair Value Measurements

Money market funds, common stock, exchange traded funds, mutual funds, and short term debt securities are valued at the closing price reported on the active market on which the individual funds are traded.

Level 2 Fair Value Measurements

Corporate debt securities represent bonds that are sold in a dealer market that trade upon a bid-ask spread. These securities are valued using pricing matrixes.

Level 3 Fair Value Measurements

Beneficial interest in perpetual trusts are valued based on the lesser of WHYY's applicable percentage of the fair value of the trust's assets or the present value of the estimated distribution cash flows of the trusts using a series of annuity payments in perpetuity using a discount rate based on the estimated rate of return and projected growth of the underlying

WHYY, Inc.

Notes to Financial Statements June 30, 2024 and 2023

assets held by the third party. For each of the years ended June 30, 2024 and 2023, there were no significant transfers or purchases in beneficial interests in perpetual trusts held by third parties.

There were no assets or liabilities recorded at fair value on a non-recurring basis at June 30, 2024 and 2023.

The following tables sets forth by level, within the fair value hierarchy, WHYY's assets measured at fair value on a recurring basis at June 30, 2024 and 2023:

June 30, 2024	Level 1	Level 2	Level 3	Total
Money market funds	\$ 6,764,894	\$ -	\$ -	\$ 6,764,894
Equities	33,992,456	-	-	33,992,456
Fixed income	25,577,832	547,906	-	26,125,738
Real assets	291,985	-	-	291,985
Beneficial interest in perpetual trust	-	-	619,613	619,613
Total Assets at Fair Value	\$ 66,627,167	\$ 547,906	\$ 619,613	\$ 67,794,686

June 30, 2023	Level 1	Level 2	Level 3	Total
Money market funds	\$ 6,310,504	\$ -	\$ -	\$ 6,310,504
Equities	24,656,962	-	-	24,656,962
Fixed income	25,278,018	457,499	-	25,735,517
Real assets	571,965	-	-	571,965
Beneficial interest in perpetual trust	-	-	590,662	590,662
Total Assets at Fair Value	\$ 56,817,449	\$ 457,499	\$ 590,662	\$ 57,865,610

7. Contributions Receivable

WHYY records unconditional promises to give as contributions receivable. Pledges due beyond one year are discounted to the present value. Contributions receivable at June 30, 2024 and 2023 are as follows:

	2024	2023
Receivable in:		
Less than one year	\$ 1,673,723	\$ 1,488,635
One to five years	124,646	149,646
	1,798,369	1,638,281
Less allowance for uncollectible contributions receivable	(600,918)	(604,540)
	\$ 1,197,451	\$ 1,033,741

WHYY, Inc.

Notes to Financial Statements June 30, 2024 and 2023

Current portion	\$ 1,072,805	\$ 884,095
Long-term portion	124,646	149,646
	\$ 1,197,451	\$ 1,033,741

8. Long-Term Debt

Long-term debt consists of the following:

<i>June 30,</i>	2024	2023
Term loan	\$ 1,560,796	\$ 1,742,242
Unamortized debt financing costs	(35,335)	(40,153)
Total long-term debt	1,525,461	1,702,089
Less current portion	(189,106)	(181,447)
Long-term debt, net of unamortized debt financing costs and current portion	\$ 1,336,355	\$ 1,520,642

In October 2016, WHYY closed on a \$5,210,000 term loan which is secured by a first lien on the WHYY headquarters property in Philadelphia. The loan bears interest at a fixed rate of 3.99%. Monthly payments of principal and interest was based on a 25-year term with a 15-year maturity.

In June 2021, WHYY made a prepayment of \$2,500,000. Under the terms of the loan agreement, principal prepayments are permitted up to \$2,500,000 without penalty. In the event of a prepayment, the loan agreement includes various options on how monthly principal payments are to be made on an ongoing basis. WHYY elected the option that converts the payment schedule to straight line monthly payments of principal and interest that are necessary to pay off the loan at the maturity date in November 2031.

Approximate principal payments for the next five years are due as follows: 2025, \$189,000; 2026, \$197,000; 2027, \$205,000; 2028, \$213,000; and 2029, \$222,000.

The terms of the loan agreement include certain financial covenants. WHYY has complied with all covenants for the years ended June 30, 2024 and 2023.

Interest expense of \$66,724 and \$73,755 was incurred on the term loan for the years ended June 30, 2024 and 2023, respectively.

9. Line of Credit

WHYY maintains a \$3,000,000 revolving line of credit facility with a bank. The line is used for working capital and other general short-term purposes. In June 2023, the line was amended to extend the maturity date from September 2024 to September 2025 and transition the benchmark used as a component of the interest rate. Borrowings bear interest at 2.00% plus daily simple SOFR (7.33% at June 30, 2024). The line is secured by a first lien on net assets without donor restrictions. There were no outstanding borrowings under the line as of June 30, 2024 and 2023. In October 2024, the line agreement was again amended to extend the maturity date to September 2027.

WHYY, Inc.

Notes to Financial Statements June 30, 2024 and 2023

10. Net Assets Without Donor Restrictions

Net assets without donor restrictions are comprised of undesignated and board-designated amounts for at June 30, 2024 and 2023:

	2024	2023
Undesignated	\$ 11,377,380	\$ 11,430,837
Board-designated endowment funds	59,122,309	50,231,140
Total	\$ 70,499,689	\$ 61,661,977

WHYY's Board of Directors has designated funds to be set aside to establish and maintain an endowment for the purpose of securing WHYY's long and short term fiscal needs. At June 30, 2024 and 2023, \$49,038,403 and \$40,680,180, respectively, are set aside to help fund annual operations in accordance with an endowment spending policy. In addition, at June 30, 2024 and 2023, reserve funds of \$10,083,906 and \$9,550,960, respectively, are set aside for intermediate term strategic projects. See Note 12 for further information on the endowment.

11. Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2024 and 2023 are as follows:

	2024	2023
Capital additions	\$ 101,776	\$ 101,776
Grant funded productions and programs	7,392,277	6,237,426
Donor restricted endowment (see Note 12)	4,693,946	4,693,946
Accumulated endowment earnings in excess of spend (see Note 12)	1,947,955	1,224,240
Beneficial interests in perpetual trusts	619,613	590,662
Total	\$ 14,755,567	\$ 12,848,050

12. Endowment

WHYY's endowments include both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

WHYY seeks to achieve a balance between growth of endowment capital and current income generated from the same by deploying the assets using a diversified, multi-asset-class approach. This strategy consists primarily of equity-related investments, fixed income investments, cash and/or inflation hedges.

The use of donor restricted net assets and related income and gains is limited by Pennsylvania Statute Act 141. WHYY has adopted investment and spending policies for endowment assets that

WHYY, Inc.

Notes to Financial Statements June 30, 2024 and 2023

attempt to provide a predictable stream of funding while seeking to maintain the purchasing power of the endowment funds. Each year, WHYY determines the amount that can be spent, subject to donor restrictions. WHYY has elected to utilize the “total return concept” for administering its donor restricted and board-designated funds by transferring up to 4.5% of the trailing fair value of the investments to operations, as calculated according to WHYY’s endowment spending policy. The transfer may be limited under certain circumstances as defined in the policy or as approved by the Board of Directors. In addition, strategic reserve funds have been established within the board-designated funds to fund key projects with transfers to be approved by the Board of Directors. During each of the years ended June 30, 2024 and 2023, WHYY determined that based on its strong financial and liquidity position, it did not require additional spending and elected to forego a transfer of funds.

As described in Note 2, when applicable, losses on donor-restricted endowment funds are recorded as donor restricted to the extent available. At June 30, 2024 and 2023, the fair value of investments exceeded the related historic cost value of the specific donor restricted endowment funds.

Endowment funds activity is summarized as follows at June 30:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Balance at July 1, 2023	\$ 50,231,140	\$ 5,918,186	\$ 56,149,326
Additions	2,866,853	-	2,866,853
Investment income	1,196,044	143,101	1,339,145
Net realized/unrealized gains	4,828,272	580,614	5,408,886
Total investment return	6,024,316	723,715	6,748,031
Balance at June 30, 2024	\$ 59,122,309	\$ 6,641,901	\$ 65,764,210
	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Balance at July 1, 2022	\$ 38,336,973	\$ 4,449,676	\$ 42,786,649
Additions	8,739,644	1,000,000	9,739,644
Investment income	882,985	103,219	986,204
Net realized/unrealized gains	2,271,538	365,291	2,636,829
Total investment return	3,154,523	468,510	3,623,033
Balance at June 30, 2023	\$ 50,231,140	\$ 5,918,186	\$ 56,149,326

WHYY, Inc.

Notes to Financial Statements June 30, 2024 and 2023

13. Liquidity and Funds Available

WHYY's financial assets available within one year of the statement of financial position date for general expenditures and scheduled principal payments on debt are as follows at June 30, 2024 and 2023:

	2024	2023
Cash and cash equivalents	\$ 4,328,142	\$ 3,658,936
Contributions receivable, current	1,072,805	884,095
Accounts receivable, net	684,850	647,231
Unbilled program and project revenue, current	2,391,664	2,094,923
Grants receivable, Commonwealth of Pennsylvania	-	17,550
Less cash designated by the Board of Directors	(519,749)	(519,749)
Less donor restricted current assets	(7,136,054)	(5,982,933)
Total	\$ 821,658	\$ 800,053

As part of WHYY's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The objective of this structure is to optimize the sources and uses of available funds for programs and operations based on WHYY's projected cash flow.

Endowment funds consist of donor-restricted endowments and board-designated endowments. Income from donor-restricted endowments that are restricted for specific purposes are not available for general expenditure. As described in Note 12, a determination of the amount available for distributions is performed annually utilizing the total return concept and approved releases from the strategic reserve funds. Although WHYY does not intend to spend its board designated investments in excess of its spending policy, these amounts could be made available if necessary.

14. Tax Status

WHYY is an organization described under Section 501(c)(3) of the *Internal Revenue Code* and is therefore exempt under Section 501(a) of the *Internal Revenue Code*.

As of June 30, 2024 and 2023, WHYY did not identify any uncertain tax positions taken or expected to be taken in a tax return which would require adjustment to its financial statements. In addition, WHYY believes it has not engaged in any activities for which its tax-exempt status would not be sustained under Internal Revenue Service examination. WHYY's income tax returns are generally open for examination by U.S. federal and state taxing authorities for the past three years. The Corporation is not currently under examination by any U.S. federal or state income taxing authority.

WHYY engages in certain activities unrelated to its tax-exempt purpose. These activities result in unrelated business income that is taxable at normal corporate rates. There was no income tax provision or benefit recorded for the years ended June 30, 2024 and 2023. At June 30, 2024, WHYY has a net operating loss carryforward, expiring at various dates through 2038, of approximately \$5,000 and a net operating loss carryforward, with no expiration, of approximately \$7,000. The deferred tax asset resulting from the net operating loss carry forward has been fully reserved since its use is not considered more-likely-than-not.

WHYY, Inc.

Notes to Financial Statements June 30, 2024 and 2023

15. Employee Benefit Plans

WHYY provides pension benefits for certain eligible employees under two defined contribution plans covering union and nonunion employees. WHYY's contributions to the plans for 2024 and 2023 were \$733,195 and \$701,935, respectively.

16. Lease Commitments

WHYY's office lease expires in 2029 and its broadcasting tower and equipment leases expire at various dates through 2033. Its broadcasting tower leases have options to renew for two additional ten-year periods, some of which have already been exercised. At this point in time, management is unable to assert that it expects to exercise any additional renewals under its existing lease agreements. Rental expense, including variable lease costs and other short-term leases, for 2024 and 2023 was \$746,811 and \$721,020, respectively.

The following schedule summarizes WHYY's long-term operating lease information including future minimum lease payments as of June 30, 2024:

<i>Year ended June 30,</i>	2024	2023
Operating lease costs, excluding variable costs	\$ 675,973	\$ 667,063
Operating lease cash flows, excluding payments of variable costs	\$ 601,743	\$ 571,266
Amortization of ROU assets	\$ 547,344	\$ 525,767
Weighted average remaining lease term	7 years	8 years
Weighted average discount rate	3%	3%

Future Minimum Lease Payments for the Year Ended June 30:

2025	\$ 624,251
2026	647,618
2027	650,351
2028	632,039
2029	657,046
Thereafter	1,329,913
	\$ 4,541,218
Less imputed interest	(469,150)
Operating lease liability	\$ 4,072,068

WHYY, Inc.

Notes to Financial Statements June 30, 2024 and 2023

17. Licenses

WHYY-TV, Wilmington, Delaware, and WDPB-TV, Seaford, Delaware, operate under licenses granted by the FCC, which expire on August 1, 2031. Additionally, WHYY-FM, Philadelphia, Pennsylvania, maintains a license with the FCC that expires on August 1, 2030.

In 2012, the FCC licenses of five New Jersey FM radio stations, WNJB, WNJM, WNJN, WNJS and WNJZ were purchased from the New Jersey Public Broadcasting Authority. During 2023, WHYY sold WNJB and WNJS for a total of \$235,000. The licenses of remaining stations expire on June 1, 2030.

18. Subsequent Events

Subsequent events have been evaluated through December 16, 2024, the date the financial statements were available to be issued.

Supplementary Information

WHYY, Inc.
Supplemental Schedule of Activities by Grantee
June 30, 2024

<i>Year ended June 30, 2024</i>	TV	FM	Total
Operating Revenue and Support			
Support:			
State of Delaware	\$ 200,000	\$ -	\$ 200,000
Corporation for Public Broadcasting	2,979,410	576,938	3,556,348
Total Support	3,179,410	576,938	3,756,348
Contributions and Revenue			
Memberships and other contributions	16,746,672	6,938,450	23,685,122
Program contracts and grants	3,972,762	11,227,429	15,200,191
Program underwriting	736,355	2,611,927	3,348,282
In-kind income	17,520	129,969	147,489
Realized and unrealized gains from investments	2,777,769	2,777,769	5,555,538
Interest and dividends	895,092	895,092	1,790,184
Change in value of beneficial interest in perpetual trusts	20,548	8,403	28,951
Other	556,727	7,406	564,133
Total Contributions and Revenue	25,723,445	24,596,445	50,319,890
Total Support, Contributions and Revenue	28,902,855	25,173,383	54,076,238
Expenses			
Program services:			
Production and broadcasting	19,224,490	13,022,868	32,247,358
Supporting services:			
General and administrative	1,208,485	494,229	1,702,714
Fundraising	6,102,632	3,278,305	9,380,937
Total Supporting Services	7,311,117	3,772,534	11,083,651
Total Expenses	26,535,607	16,795,402	43,331,009
Change in Net Assets	\$ 2,367,248	\$ 8,377,981	\$ 10,745,229